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TO ALL DIPLOMATIC POSTS

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FOLLOWING REPEAT NAIROBI 4791 ACTION SECSTATE 12 MAY 76.

QUOTE

UNCLAS NAIROBI 4791

UNCTAD 020

DEPARTMENT PLEASE PASS ALL DIPLOMATIC POSTS

E.O. 11652: N/A

TAGS: UNCTAD, EGEN

SUBJ: UNCTAD IV - PLENARY STATEMENTS: MAY 11

1. SUMMARY: PLENARY ON MAY 11 FEATURED STATEMENT BY NETHERLANDS SAYING U.S. PROPOSED IRB HAS SOME QUOTE POSITIVE ELEMENTS UNQUOTE. JAPAN PROPOSED \$1 BILLION EMERGENCY BALANCE OF PAYMENTS ASSISTANCE FUND FOR MSAS AND LEAST DEVELOPED COUNTRIES. BELGIUM AND JAPAN ANNOUNCED CONTRIBUTIONS TO IFAD.

2. NETHERLANDS MINISTER ECONOMIC AFFAIRS LUBBERS FOUND COMMODITY BOND ASPECTS OF IRB PROPOSAL OF INTEREST BECAUSE QUOTE FINANCING OF SPECIFIC INVESTMENTS IN THE PRODUCTION AND PROCESSING OF COMMODITIES IS TIED TO THE REVENUES FROM COMMODITIES, THEREFORE THE FINANCING INSTITUTIONS AND THE UNCLASSIFIED

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GOVERNMENTS WHICH CONTRIBUTE WILL HAVE AN INTEREST IN

STABLE, PROFITABLE PRICES FOR THESE COMMODITIES UNQUOTE.
THE AIM OF STABILIZING PRICES AT MUTUALLY, FAIR AND
REMUNERATIVE LEVELS IS ALSO AIM OF UNCTAD INTEGRATED
PROGRAM FOR COMMODITIES. SECOND QUOTE POSITIVE ELEMENT
UNQUOTE OF IRB IS GUARANTEE FUNCTION WHICH WOULD BE
TIED TO A NUMBER OF CONDITIONS IN THE INTEREST OF LDCS,
SUCH AS MARKET ACCESS ASSURANCE, RAW MATERIALS
PROCESSING, TRANSFER OF TECHNOLOGY, MANAGEMENT TRAIN-
ING, AND SOCIAL CONDITIONS.

OTHER ELEMENTS OF NETHERLANDS COMMODITIES POSITION
CALL FOR: 1) DECISION TO START NEGOTIATIONS ON UNCTAD
COMMON FUND PROPOSAL, 2) AGENDA FOR NEGOTIATING AGREE-
MENTS ON UNCTAD LIST OF COMMODITIES, 3) A SUGGESTED
TIMETABLE OF 18 MONTHS. NETHERLANDS ALSO REPEATED DEBT
MORATORIUM PROPOSAL FOR THE MSAS ON THE BASIS OF A SET
OF GENERAL RULES.

3. JAPAN. FORMER FOREIGN MINISTER KIMURA TERMED IRB
PROPOSAL AS QUOTE INTERESTING UNQUOTE AND REQUIRING
FURTHER CLARIFICATION. SPEECH CONTAINED PROPOSAL
FOR \$1 BILLION EMERGENCY BALANCE OF PAYMENTS ASSIST-
ANCE (INCLUDING COMMODITY AID) TO MSAS AND LEAST
DEVELOPED TO BE CONTRIBUTED BY THE DEVELOPED AND
OIL-PRODUCING COUNTRIES. GOJ, AS PART OF THIS
PROPOSAL, ANNOUNCED IT IS PREPARED TO EXTEND COMMODITY
AID SO THAT LOCAL CURRENCY MAY BE USED FOR AGRI-
CULTURAL AND OTHER DEVELOPMENT PURPOSES. GOJ ALSO
ANNOUNCED \$50 MILLION IN CONTRIBUTION TO IFAD.
GENERAL COMMODITY STANCE REMAINS CASE BY CASE APPROACH,
WITH EMPHASIS ON CAUTION IN DECIDING SOLUTIONS TO
PROBLEMS. WITH RESPECT TO TRADE, JAPAN PROMISED EFFORT
TO CONTINUE GSP BEYOND
1980 AND WILL GIVE POSITIVE CONSIDERATION TO REVISING
THE REFERENCE YEAR FOR THE CALCULATION OF PREFERENTIAL
QUOTAS FOR INDUSTRIAL PRODUCTS.

4. BELGIUM SAID PROPOSED IRB MERITED QUOTE STUDY
UNQUOTE. GENERAL POSITION ON COMMODITIES CALLS FOR
PRODUCER-CONSUMER FINANCING OF COMMODITY AGREEMENTS,
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WHEN NOT OTHER SOURCES OF FINANCING AVAILABLE.

5. CHINA SAID U.S. WAS REPLACING THE COMMON FUND
WITH THE IRB TO QUOTE PRESERVE THE OLD ORDER UNQUOTE.
MAIN BULK OF SPEECH DEVOTED TO STANDARD DIATRIBE
AGAINST QUOTE TWO SUPERPOWERS UNQUOTE (US AND USSR).

6. USSR. HOUR-LONG SPEECH BY MINISTER OF FOREIGN

TRADE WAS CAPPED BY FIFTEEN POINT PROGRAM TO GOVERN EAST-SOUTH TRADE, WHICH DESIGNED TO CHANGE WHOLE INTERNATIONAL ECONOMIC STRUCTURE. SOVIETS MADE GENERAL COMMENTS WELCOMING THE INTEGRATED COMMODITY APPROACH BUT DID NOT INCLUDE ANY REFERENCE TO IP IN EAST-SOUTH PROGRAM. ALSO SUGGESTED THAT EAST-WEST TRADE, STILL SUBJECT OF DISCRIMINATORY PRACTICES, SUITABLE FOR UNCTAD DISCUSSION. SUPPORTED THE EXPANSION OF GSP, DENOUNCING ITS USE AS QUOTE ECONOMIC REPRISAL UNQUOTE AND SAID USSR READY TO DISCUSS CODE OF TECHNOLOGY. FORESAW POSSIBILITY OF MAKING UNCTAD INTO WORLD TRADE ORGANIZATION INCLUDING THE FUNCTION OF GATT. IN CLOSING REMARKS, SOVIET MINISTER RESPONDED TO CHINESE ATTACK BRANDING CHINA AS ENEMY OF NEW INTERNATIONAL ECONOMIC ORDER.

7. PHILIPPINES STATEMENT, DELIVERED BY FOREIGN AFFAIRS UNDERSECRETARY COLLANTES, HIGHLIGHTED BY CALL FOR UNCTAD IV CONFERENCE TO SET ASIDE DAY TO MAKE PLEDGES TO COMMON FUND AND BY OFFER TO HOST FIFTH UNCTAD CONFERENCE IN ACCORD WITH QUOTE PRINCIPLE OF ROTATION AMONG DEVELOPING NATIONS UNQUOTE. WITH RESPECT TO IRB, EXPRESSED RESERVATIONS ON U.S. PROPOSAL AND ANNOUNCED PREFERENCES FOR INDUSTRIAL COOPERATION BANK TO FINANCE JOINT VENTURE INVESTMENTS. GSP SHOULD BE PERMANENT AND, IN REFERENCE TO U.S. EXCLUSION OF OPEC COUNTRIES, NOT AN INSTRUMENT FOR ECONOMIC COERCION. THE MTN IS PROCEEDING TOO SLOWLY WITH TROPICAL PRODUCTS OFFERS UNSATISFACTORY, AND URGING TP NEGOTIATIONS TO FINISH BY END-1976 AND IMPLEMENTATION OF RESULTS WITHOUT DELAY. ENDORSED G-77 CODE OF CONDUCT OF TECHNOLOGY. INSTEAD OF NEW INSTITUTIONS IN FIELD OF TECHNOLOGY,
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UNCTAD CONFERENCE SHOULD CONCENTRATE ON INNOVATIVE QPPROACHES AND INTEGRATED SCHEMES OF DEVELOPMENT. ALSO URGED THAT UNCTAD BE TRANSFORMED INTO UN SPECIALIZED AGENCY, A WORLD TRADE ORGANIZATION.

8. PAKISTAN (MINISTER COMMERCE KHAN) CLAIMED THAT THE SITUATION OF THE LDCS WAS AGGRAVATED BY THE PRESENT WORLD ECONOMIC STRUCTURE AND THAT THE INDUSTRIALIZED COUNTRIES HAVE SHIFTED THE BURDEN OF THEIR OIL-RELATED DEFICITS TO LDCS. HE COMPLIMENTED THE OIL EXPORTING COUNTRIES FOR THEIR QUOTE GENEROUS DEVELOPMENT ASSISTANCE POLICIES UNQUOTE. SUPPORTED REMOVAL OF QR'S ON EXPORT OF COTTON TEXTILES.

9. CUBAN DELEGATE BITTERLY ATTACKED U.S. AND OTHER

CAPITALIST COUNTRIES ALONG USUAL LINES. HE DENOUNCED SECRETARY KISSINGER'S NAIROBI SPEECH FOR ITS QUOTE IMPERIALISTIC RHETORIC UNQUOTE AND ITS CRITICISM OF NATIONALIZATIONS, AND ALLUDED TO SECRETARY'S REMARK ABOUT POSSIBLE ECONOMIC WARFARE. CALLED THE IRB A NEW DEVICE FOR PROMOTING INVESTMENTS OF TNC'S WHILE PROTECTING THEIR INTERESTS. SAID THERE IS NOT ONE IDEA IN SPEECH WHICH OPENS WAY TO CHANGES DEMANDED BY GREAT MAJORITY OF NATIONS AT CONFERENCE. ARGUED AT LENGTH THAT DEVELOPED SOCIALIST COUNTRIES ARE NOT RESPONSIBLE FOR UNDERDEVELOPMENT OF LDCS; LATTER IS PRODUCT OF COLONIALISM, NEO-COLONIALISM AND U.S. IMPERIALISM. HE BOASTED OF CUBA'S ACCOMPLISHMENTS AND URGED OTHER LDC'S TO FOLLOW ITS SOCIALIST EXAMPLE. SPEECH WAS WARMLY APPLAUDED.

10. ROMANIAN MINISTER FOR FOREIGN TRADE AND INTERNATIONAL ECONOMIC COOPERATION NICOLAE, SPEAKING WITH MINIMUM OF COMMUNIST RHETORIC, SUPPORTED WHOLEHEARTEDLY MANILA DECLARATION AND INTEGRATED PROGRAM. MADE NO EXPLICIT REFERENCE TO KISSINGER SPEECH OR U.S. PROPOSALS. STRESSED NEED FOR SELF-HELP BY LDC'S, CITING ROMANIA AS ILLUSTRATION OF WHAT CAN BE ACCOMPLISHED, BUT ALSO MADE POINT THAT DEVELOPMENT REQUIRES A FAVORABLE INTERNATIONAL FRAMEWORK. MARSHALL
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